



Are you concerned about resource shortfalls? Are you trying to meet cost-cutting mandates as well as performance improvement requirements? Are you looking for a single SAP operations owner who will ensure accountability and measurability? If so, the SAP® Application Hosting service may be just what you need. A packaged offering of the SAP Managed Services organization, it can help you identify and reduce risks while supporting ongoing SAP operations.

## **MITIGATING RISK FOR SAP® OPERATIONS**

### **Decreasing the Total Cost of Ownership and Increasing the Value of Your SAP Investments**

The number of companies outsourcing their IT operations continues to increase. Gartner and IDC analysts anticipate a rise in outsourcing figures. This trend may impact your organization's bottom-line revenue objectives as decisions are made about driving down costs, improving quality, and growing profits.

Outsourcing offers great benefits and can have a positive impact on mission-critical IT and business operations. But it can also be a drain on time, money, and personnel resources. Careful planning and collaboration with experts – available through the SAP® Application Hosting service – can help you avoid unnecessary IT and business risks.

SAP Application Hosting provides flexible, tailored services designed to reduce risks and improve operational performance, including services that:

- Provide strategic outsourcing
- Enable successful ongoing support
- Ensure maximum value for your investment
- Lay the foundation for a service-oriented architecture
- Help you plan for the long term

The SAP Application Hosting service team anticipates the common and extremely complex factors you must consider to ensure success – and weighs the priorities you place on them. These priorities depend on many factors including solution landscape, interfaces and bolt-ons, service levels, availability of staffing, infrastructure sizing, hardware and telecommunications provisioning, allocation of responsibilities, and operational time zones.

In a tightly competitive market, a mistake or error can mean the difference between success and failure. The SAP Application Hosting service provides value by minimizing your risk of error. It is delivered by the SAP Managed Services organization, the single best resource for tapping into SAP's industry, solutions, and support services. With this kind of support, SAP Application Hosting is able to provide guaranteed service levels that ensure measurability around your organization's key performance indicators.

### **Provide Strategic Outsourcing**

SAP clients rely on SAP software to run their businesses. Many of these clients – perhaps you are one – are assessing the prospect of outsourcing their SAP operations. Often such outsourcing initiatives are spurred by the mandate to achieve bottom-line results in a complex environment comprising a mix of people, technology, processes, and assets.

Achieving the greatest returns from an outsourcing initiative requires a value-based approach supported by measurable results. This is difficult if your company, like many others, is still relying on the standard procurement procedures more typical of a commodity purchase than a strategic outsourcing approach. To remove unnecessary risks, your business and IT initiatives need to be assessed via a collaborative process between your organization and the experts from SAP Managed Services.

Given the size, degree of complexity, and importance of SAP operations – and their importance to your success – it may be time for you and other company decision makers to explore the advantages of entrusting SAP operations and maintenance to SAP professionals.

### **Enable Successful Ongoing Support**

To achieve optimal results from outsourcing, you need an optimal solution – a provider with the highest degree of specialized SAP knowledge. Through its hosting package, SAP Managed Services provides the operational support and services that allow you to focus on your business imperatives, which may include one or more of the following:

- Achieving faster time to market
- Meeting cost-cutting mandates

- Addressing competitive threats
- Taking advantage of growth and profitability opportunities
- Assessing mergers, acquisitions, and consolidation
- Redesigning business processes

The SAP Application Hosting service is delivered by a team of experts who provide regular analysis of your SAP landscape to ensure that potential problems can be recognized and remedied at an early stage. Services, processes, and supporting IT infrastructure are delivered in a controlled manner in accordance with SAS 70, ISO 9001 Certification, Information Technology Infrastructure Library best practices, Control Objectives for Information and Related Technology, and SAP's own intellectual capital and recommended best practices.

With SAP Application Hosting services you can reduce the cost of implementing and operating SAP landscapes by eliminating the need to acquire, operate, and maintain expensive resources and infrastructure. (See sidebar.)

### **SAP® APPLICATION HOSTING SERVICES**

- Strategic planning assessment
- Guaranteed service-level agreements
- SAS 70 operational compliance
- 24/7 production support and monitoring
- Dedicated account management
- Global support of SAP® Managed Services
- Technical administration services supporting Basis, databases, and operating systems
- Data center facilities
- Managed storage services
- Telecommunications and network solution levels
- Physical and environmental security
- Backup and data protection services
- Technical project schedule and work plan
- Disaster recovery services (optional)

### Ensure Maximum Value for Your Investment

Many companies look to traditional hosting agreements finalized on the basis of “lowest price.” These organizations often get the lowest price at a higher cost. That is why a growing number of IT and business executives weigh the importance of a partnership built around the following:

- Cost and quality commitments
- Business improvement and impact
- Guaranteed performance and service levels
- Risk mitigation
- Total cost of ownership (TCO)

Decision makers should consider the total value of the SAP outsourced solution based on both risk assessment and TCO.

### Reducing Risks

The goal of safeguarding a complete SAP data center infrastructure involves protecting it from unforeseen developments. By choosing the SAP Application Hosting service, you ensure this protection. You also choose a team with the best SAP operations experience. How does SAP achieve this track record? By helping clients avoid complications from the very beginning. The value of this help grows when mission-critical processes are at stake, because if these processes fail, you incur immediate and substantial costs. SAP Application Hosting provides flexible options that ensure successful delivery around service-level agreements, roles and responsibilities, and proactive services that will greatly reduce unnecessary risks.

### Improving Total Cost of Ownership

Your TCO provides important information for planning and outsourcing projects. In addition to the software license, your total cost covers hardware, implementations, ongoing costs, maintenance fees, and personnel costs for operations as well as expenses for user training, continuous improvements, upgrades, and usage. (See Figure 1.) Because of increasing cost pressures, many companies package their systems, data, applications, and access into a long-term transparent cost model to ensure predictable levels of service. They strive to do more with less, achieving greater value through innovation.

The SAP Managed Services team can help you identify cost drivers and design a solution using profitability analysis tailored to your organization. This helps you reduce the total cost of your SAP operations.

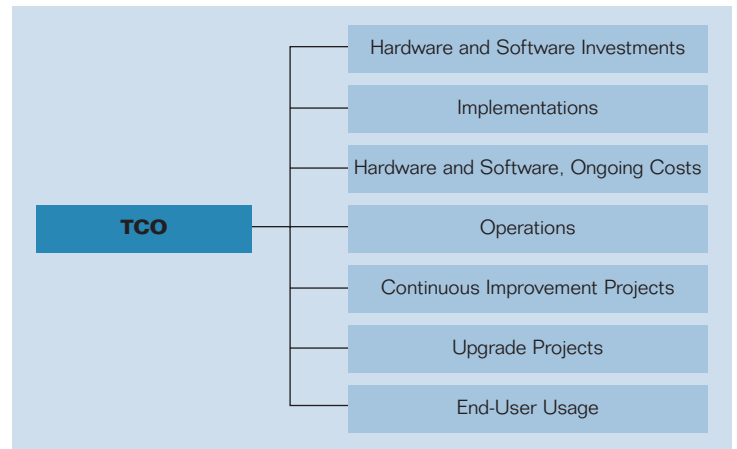


Figure 1: TCO Model for Change

### Lay the Foundation for Service-Oriented Architecture

Companies today are being challenged to implement a flexible IT infrastructure that supports ongoing business processes and responds to fast-paced market changes. Agility is essential to survival. In 2003, SAP began addressing this need with Enterprise Services Architecture (ESA), a blueprint for service-oriented architecture that provides companies with a plan for better aligning business and IT imperatives. The SAP Managed Services team is participating in a global initiative to help companies transition to an ESA architecture based on their tailored requirements – while at the same time helping them maintain the productivity of existing systems.

SAP Application Hosting provides a foundation of reusable services that can be aggregated and integrated to deliver new value to your organization – from the beginning and for the long run. This approach allows clients to reduce their dependence on technology and focus on core competencies.

**Plan for the Long Term**

Outsourcing is not a quick fix. Many outsourcing projects are part of a long-term strategic initiative involving shorter-term tactics that become building blocks to align profitability, growth, quality, and cost objectives. Since your organization is in business for the long haul, you need to pick the best overall SAP operations solution – one you can build on, implement quickly, and then operate smoothly over a period of time.

Successful outsourcing projects require advance preparation, precise planning, and the finest portfolio of applications and infrastructures. Given that the IT life cycle consists of three phases – plan, build, and run – it is important to select a partner who can support the entire process from software and implementations to live operations and release upgrades. (See Figure 2.) This objective is achieved by establishing suitable support systems and tailored SAP Managed Services that provide flexibility, security, and scalability.

**Reduce Costs and Sustain Quality**

Because of the long-term nature of hosting initiatives, it is important to evaluate the support systems you have in place to determine your overall outsourcing investment. How will you provide the highest level of support and continuous improvement? How will you optimize existing processes that impact your cost, quality, and profitability objectives? With the help of a reliable partner, SAP Managed Services, and the SAP Application Hosting service it provides. Your organization benefits by having a single SAP operations owner who will ensure your measurable success criteria are achieved.

The SAP Application Hosting service helps you attain the following:

- Business value from existing investments
- Risk mitigation for SAP operations
- TCO reduction across complex SAP landscapes

To learn more about this service and the portfolio of offerings available from SAP Managed Services, please contact your SAP account representative or call +1 888-592-1727.

**About SAP Managed Services**

SAP Managed Services provides a portfolio of services that enable clients to plan, build, and run SAP solutions. These offerings include: SAP Application Hosting, SAP Implementation Hosting, SAP Upgrade Hosting, SAP Remote Application Operations, and SAP Application Management services. Organizations can tailor the services that meet their specific business and IT requirements. Benefits of SAP Managed Services include unrivaled access to SAP expertise, increased financial predictability, and the opportunity to free up internal resources to focus on core competencies.

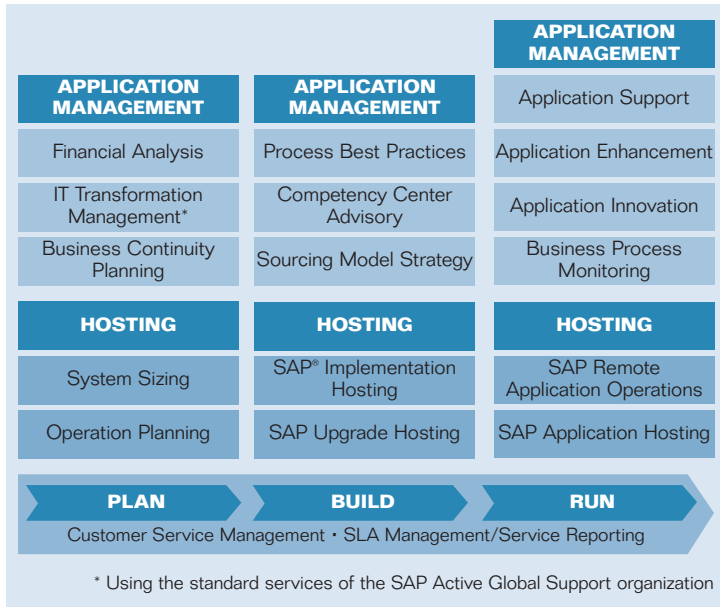


Figure 2: Portfolio of SAP® Managed Services